

SENATE AMENDMENTS

2nd Printing

By: Zerwas

H.B. No. 2

A BILL TO BE ENTITLED

AN ACT

relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. APPROPRIATION REDUCTION: PUBLIC FINANCE AUTHORITY. The unencumbered appropriations from the general revenue fund to the Public Finance Authority made by Chapter 1281 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2017, for bond debt service payments, including appropriations subject to Rider 2, page I-47, Chapter 1281 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the General Appropriations Act), to the bill pattern of the appropriations to the authority, are reduced by a total aggregate of \$53,636,997. The Public Finance Authority shall identify the strategies and objectives to which the reduction is to be allocated and the amount of the reduction for each of those strategies and objectives.

SECTION 2. HEALTH AND HUMAN SERVICES COMMISSION: MEDICAID SHORTFALL. (a) In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2017, \$930,733,818 is appropriated from the general revenue fund, and \$1,705,243,901 is appropriated from federal funds, to the Health and Human Services Commission for the state fiscal year ending August 31, 2017, for

1 Medicaid services under Goal B, Medicaid, as listed in Chapter 1281
2 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the
3 General Appropriations Act).

4 (b) The expenditure or emergency transfer of money
5 appropriated under Subsection (a) of this section is subject to the
6 prior written approval of the Legislative Budget Board in
7 accordance with Section 69, Article XVI, Texas Constitution.

8 SECTION 3. HEALTH AND HUMAN SERVICES COMMISSION: MEDICAID
9 ACUTE CARE THERAPY SERVICES. In addition to amounts previously
10 appropriated for the state fiscal biennium ending August 31, 2017,
11 \$21,500,000 is appropriated from the general revenue fund, and
12 \$29,800,000 is appropriated from federal funds, to the Health and
13 Human Services Commission for the state fiscal year ending August
14 31, 2017, for Medicaid acute care therapy services, to be allocated
15 among provider types and procedure codes for those services to
16 preserve access to care.

17 SECTION 4. HEALTH AND HUMAN SERVICES COMMISSION: CERTAIN
18 RIDERS. Subsection (c), Rider 50, page II-97, Chapter 1281 (H.B.
19 1), Acts of the 84th Legislature, Regular Session, 2015 (the
20 General Appropriations Act), to the bill pattern of the
21 appropriations to the Health and Human Services Commission is
22 amended to read as follows:

23 c. HHSC shall reform reimbursement methodology to be in line
24 with industry standards [~~7 policies~~] and utilization for acute care
25 therapy services (including physical, occupational, and speech
26 therapies) while considering stakeholder input and access to care.
27 In state fiscal year 2017, \$28,500,000 [~~Out of the amount in~~

1 ~~subsection (a), in each fiscal year at least \$50,000,000]~~ in
2 General Revenue Funds savings should be achieved through rate
3 reductions ~~[and \$25,000,000 in General Revenue Funds savings may be~~
4 ~~achieved through various medical policy initiatives listed in items~~
5 ~~(1)-(10), below. If \$25,000,000 in savings is not achieved through~~
6 ~~various medical policy initiatives in fiscal year 2016, the amount~~
7 ~~of unrealized savings (the difference between \$25,000,000 in~~
8 ~~General Revenue Funds and savings actually achieved in fiscal year~~
9 ~~2016) should be achieved through additional rate reductions in~~
10 ~~fiscal year 2017 while continuing any initiatives implemented in~~
11 ~~fiscal year 2016 that have been found to produce savings. HHSC may~~
12 ~~achieve savings through various medical policy initiatives, taking~~
13 ~~into consideration the following:~~

14 ~~[(1) Clarifying policy language regarding co-therapy~~
15 ~~definition, documentation, and billing requirements,~~

16 ~~[(2) Clarifying who can participate in therapy~~
17 ~~sessions in policy that interns, aides, students, orderlies and~~
18 ~~technicians can participate in therapy sessions when they are~~
19 ~~directly and appropriately supervised according to provider~~
20 ~~licensure requirements, but they are not eligible to enroll as~~
21 ~~providers and bill Texas Medicaid for services,~~

22 ~~[(3) Consolidate Traditional, Comprehensive Care~~
23 ~~Program and Home Health Agency therapy policies into one policy,~~

24 ~~[(4) Require a primary care or treating physician to~~
25 ~~initiate a signed order or referral prior to an initial therapy~~
26 ~~evaluation. The initial evaluation may require prior authorization~~
27 ~~and the signed order or referral must be dated prior to the~~

1 evaluation,

2 ~~[(5) Require a primary care or treating physician to~~
3 ~~order the therapy services based on the outcomes of the evaluation,~~

4 ~~[(6) Clarify medical necessity for therapy services to~~
5 ~~ensure prior authorization staff who are reviewing requests are~~
6 ~~using guidelines based on the nationally recognized standards of~~
7 ~~care,~~

8 ~~[(7) Require licensed Medicaid enrolled therapists to~~
9 ~~document and support decisions for continued therapy based on~~
10 ~~professional assessment of a client's progress relative to their~~
11 ~~individual treatment plan and in concert with the client's primary~~
12 ~~care physician and the individual and/or family,~~

13 ~~[(8) Ensure appropriate duration of services by~~
14 ~~aligning authorization periods with national standards,~~

15 ~~[(9) Streamline prior authorization processes, and~~

16 ~~[(10) Implement policies that ensure services are~~
17 ~~provided in the most cost-efficient and medically appropriate~~
18 ~~setting, and implementation of other medical or billing policy~~
19 ~~changes].~~

20 SECTION 5. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:
21 ADDITIONAL APPROPRIATIONS. In addition to amounts previously
22 appropriated for the state fiscal biennium ending August 31, 2017,
23 the following amounts are appropriated from the general revenue
24 fund to the Department of Family and Protective Services for the
25 state fiscal year ending August 31, 2017, for the following
26 purposes as listed in Chapter 1281 (H.B. 1), Acts of the 84th
27 Legislature, Regular Session, 2015 (the General Appropriations

1 Act):

2 (1) \$12,740,200 for Strategy B.1.3., TWC Contracted
3 Day Care;

4 (2) \$31,993,283 for Strategy B.1.9., Foster Care
5 Payments; and

6 (3) \$1,576,783 for Strategy B.1.10., Adoption/PCA
7 Payments.

8 SECTION 6. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:
9 CERTAIN TRANSFERS. Notwithstanding the limitations of Rider 32,
10 page II-43, Chapter 1281 (H.B. 1), Acts of the 84th Legislature,
11 Regular Session, 2015 (the General Appropriations Act), to the bill
12 pattern of the appropriations to the Department of Family and
13 Protective Services, the department shall transfer \$435,475 from
14 Strategy B.1.11., Relative Caregiver Payments, to Strategy B.1.9.,
15 Foster Care Payments, as listed in Chapter 1281 (H.B. 1), Acts of
16 the 84th Legislature, Regular Session, 2015 (the General
17 Appropriations Act).

18 SECTION 7. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:
19 ADDITIONAL APPROPRIATIONS FOR AGENCY CRITICAL NEEDS. In addition
20 to amounts previously appropriated for the state fiscal biennium
21 ending August 31, 2017, the Department of Family and Protective
22 Services is appropriated for the state fiscal year ending August
23 31, 2017, the following amounts from the general revenue fund for
24 the following strategies as listed in Chapter 1281 (H.B. 1), Acts of
25 the 84th Legislature, Regular Session, 2015 (the General
26 Appropriations Act), to address critical needs of the agency with
27 respect to those strategies:

- 1 (1) \$75,521,204 for Strategy B.1.1., CPS Direct
2 Delivery Staff;
- 3 (2) \$613,174 for Strategy B.1.2., CPS Program Support;
- 4 (3) \$21,000,000 for Strategy B.1.9., Foster Care
5 Payments;
- 6 (4) \$138,854 for Strategy D.1.1., APS Direct Delivery
7 Staff;
- 8 (5) \$6,703 for Strategy D.1.2., APS Program Support;
- 9 (6) \$376,259 for Strategy F.1.1., Central
10 Administration;
- 11 (7) \$33,546 for Strategy F.1.2., Other Support
12 Services;
- 13 (8) \$3,067,626 for Strategy F.1.4., IT Program
14 Support; and
- 15 (9) \$940,108 for Strategy G.1.1., Agency-Wide
16 Automated Systems.

17 SECTION 8. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:
18 CERTAIN TRANSFERS. (a) Notwithstanding any transfer limitation
19 specified in Chapter 1281 (H.B. 1), Acts of the 84th Legislature,
20 Regular Session, 2015 (the General Appropriations Act), the
21 Department of Family and Protective Services shall transfer to the
22 Health and Human Services Commission the following amounts:

- 23 (1) \$29,247,213 of general revenue funds; and
- 24 (2) \$72,450,261 of Temporary Assistance for Needy
25 Families (TANF) program federal funds.

26 (b) The Health and Human Services Commission may spend
27 Temporary Assistance for Needy Families (TANF) program federal

1 funds transferred under Subsection (a)(2) of this section during
2 the state fiscal year ending August 31, 2017, only with the prior
3 written approval of the Legislative Budget Board in accordance with
4 Section 69, Article XVI, Texas Constitution.

5 SECTION 9. TEXAS A&M FOREST SERVICE: APPROPRIATION FOR
6 GENERAL COSTS CAUSED BY VARIOUS EMERGENCY WEATHER-RELATED
7 RESPONSES. In addition to amounts previously appropriated for the
8 state fiscal biennium ending August 31, 2017, \$5,100,000 is
9 appropriated from the general revenue fund to the Texas A&M Forest
10 Service for the state fiscal year ending August 31, 2017, for the
11 purpose of paying for, or reimbursing payments made for, costs
12 incurred by the forest service associated with responding to
13 various weather-related emergencies.

14 SECTION 10. DEPARTMENT OF CRIMINAL JUSTICE: CORRECTIONAL
15 MANAGED HEALTH CARE SHORTFALL. In addition to amounts previously
16 appropriated for the state fiscal biennium ending August 31, 2017,
17 \$80,000,000 is appropriated from the general revenue fund to the
18 Department of Criminal Justice for the state fiscal year ending
19 August 31, 2017, for correctional managed health care under
20 Strategy C.1.9., Hospital and Clinical Care, as listed in Chapter
21 1281 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015
22 (the General Appropriations Act).

23 SECTION 11. JUVENILE JUSTICE DEPARTMENT: OPERATIONAL
24 SHORTFALL. In addition to amounts previously appropriated for the
25 state fiscal biennium ending August 31, 2017, \$4,469,257 is
26 appropriated from the general revenue fund to the Juvenile Justice
27 Department for the state fiscal year ending August 31, 2017, for an

1 operational shortfall.

2 SECTION 12. ANIMAL HEALTH COMMISSION: CATTLE FEVER TICKS.

3 In addition to amounts previously appropriated for the state fiscal
4 biennium ending August 31, 2017, \$649,987 is appropriated from the
5 general revenue fund to the Animal Health Commission for the state
6 fiscal year ending August 31, 2017, for preparedness for, response
7 to, and mitigation of cattle fever ticks under Strategy A.1.1.,
8 Field Operations, as listed in Chapter 1281 (H.B. 1), Acts of the
9 84th Legislature, Regular Session, 2015 (the General
10 Appropriations Act).

11 SECTION 13. TEXAS ALCOHOLIC BEVERAGE COMMISSION. (a) The

12 Texas Alcoholic Beverage Commission may not spend money
13 appropriated to the agency by Chapter 1281 (H.B. 1), Acts of the
14 84th Legislature, Regular Session, 2015 (the General
15 Appropriations Act), for use during the state fiscal biennium
16 ending August 31, 2017:

17 (1) for travel outside the state, other than for bona
18 fide and documented law enforcement or investigative activities; or

19 (2) to attend or participate in an event, training,
20 conference, class, or similar activity outside the state.

21 (b) The Texas Alcoholic Beverage Commission and employees
22 of the commission may not accept payments from or spending
23 authority on behalf of any trade, professional, or industry
24 organization for any purpose or in any form, including a travel
25 subsidy, payment of travel or other expenses for conference
26 presenters, prepaid meals, or lodging.

27 SECTION 14. EFFECTIVE DATE. This Act takes effect

H.B. No. 2

1 immediately.

ADOPTED

MAY 23 2017

Atty. Gen.
Secretary of the Senate

By: Nelson _____ .B. No. _____

Substitute the following for ____B. No. _____:

By: Nelson _____ C.S. H.B. No. 2

A BILL TO BE ENTITLED

1 AN ACT
2 relating to making supplemental appropriations and giving
3 direction and adjustment authority regarding appropriations.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. APPROPRIATION REDUCTIONS: PUBLIC FINANCE
6 AUTHORITY. (a) The unencumbered appropriations from the general
7 revenue fund to the Public Finance Authority made by Chapter 1281
8 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the
9 General Appropriations Act), for use during the state fiscal
10 biennium ending August 31, 2017, for bond debt service payments,
11 including appropriations subject to Rider 2, page I-47, Chapter
12 1281 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015
13 (the General Appropriations Act), to the bill pattern of the
14 appropriations to the authority, are reduced by a total aggregate
15 of \$51,566,581.

16 (b) In addition to the reductions made by Subsection (a) of
17 this section, the unencumbered appropriations from the general
18 revenue fund to the Public Finance Authority made by Chapter 1281
19 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the
20 General Appropriations Act), for use during the state fiscal
21 biennium ending August 31, 2017, are reduced by \$217,487.

22 (c) The Public Finance Authority shall identify the
23 strategies and objectives to which the reductions made by
24 Subsections (a) and (b) of this section are to be allocated and the

1 amount of the reduction for each of those strategies and
2 objectives.

3 SECTION 2. APPROPRIATION REDUCTIONS: FACILITIES
4 COMMISSION. (a) The unencumbered appropriations from the general
5 revenue fund to the Facilities Commission made by Chapter 1281
6 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the
7 General Appropriations Act), for use during the state fiscal
8 biennium ending August 31, 2017, for lease payments are reduced by
9 \$13,780,014.

10 (b) In addition to the reductions made by Subsection (a) of
11 this section, the unencumbered appropriations from the general
12 revenue fund to the Facilities Commission made by Chapter 1281
13 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the
14 General Appropriations Act), for use during the state fiscal
15 biennium ending August 31, 2017, are reduced by \$220,000.

16 (c) The Facilities Commission shall identify the strategies
17 and objectives to which the reductions made by Subsections (a) and
18 (b) of this section are to be allocated and the amount of the
19 reduction for each of those strategies and objectives.

20 SECTION 3. APPROPRIATION REDUCTION: DEPARTMENT OF
21 TRANSPORTATION. The unencumbered appropriations from the general
22 revenue fund made by Chapter 1281 (H.B. 1), Acts of the 84th
23 Legislature, Regular Session, 2015 (the General Appropriations
24 Act), to the Department of Transportation for Strategy G.1.1.,
25 General Obligation Bonds, as listed in that Act, for general
26 obligation bond debt service payments for the state fiscal biennium
27 ending August 31, 2017, are reduced by \$14,191,000.

1 SECTION 4. APPROPRIATION REDUCTION: COMMISSION ON
2 ENVIRONMENTAL QUALITY. The unencumbered appropriations from the
3 Texas Emissions Reduction Plan Account No. 5071 made by Chapter
4 1281 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015
5 (the General Appropriations Act), to the Commission on
6 Environmental Quality for use during the state fiscal biennium
7 ending August 31, 2017, are reduced by \$31,000,000. The commission
8 shall identify the strategies and objectives to which the reduction
9 is to be allocated and the amount of the reduction for each of those
10 strategies and objectives.

11 SECTION 5. APPROPRIATION REDUCTION: PUBLIC UTILITY
12 COMMISSION OF TEXAS. The unencumbered appropriations from the
13 System Benefit Account No. 5100 made by Chapter 1281 (H.B. 1), Acts
14 of the 84th Legislature, Regular Session, 2015 (the General
15 Appropriations Act), to the Public Utility Commission of Texas for
16 use during the state fiscal biennium ending August 31, 2017, are
17 reduced by \$1,209,355. The commission shall identify the strategies
18 and objectives to which the reduction is to be allocated and the
19 amount of the reduction for each of those strategies and
20 objectives.

21 SECTION 6. APPROPRIATION REDUCTION: TEXAS EDUCATION
22 AGENCY. The unencumbered appropriations from the general revenue
23 fund made by Chapter 1281 (H.B. 1), Acts of the 84th Legislature,
24 Regular Session, 2015 (the General Appropriations Act), to the
25 Texas Education Agency for use during the state fiscal biennium
26 ending August 31, 2017, are reduced by \$492,589. The agency shall
27 identify the strategies and objectives to which the reduction is to

1 be allocated and the amount of the reduction for each of those
2 strategies and objectives.

3 SECTION 7. HEALTH AND HUMAN SERVICES COMMISSION: MEDICAID
4 SHORTFALL. (a) In addition to amounts previously appropriated for
5 the state fiscal biennium ending August 31, 2017, \$793,586,397 is
6 appropriated from the general revenue fund, and \$1,599,849,506 is
7 appropriated from federal funds, to the Health and Human Services
8 Commission for the state fiscal year ending August 31, 2017, for
9 Medicaid services under Goal B, Medicaid, as listed in Chapter 1281
10 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the
11 General Appropriations Act).

12 (b) The expenditure or emergency transfer of money
13 appropriated under Subsection (a) of this section is subject to the
14 prior written approval of the Legislative Budget Board in
15 accordance with Section 69, Article XVI, Texas Constitution. A
16 request by the Health and Human Services Commission to expend or
17 transfer an amount of that money is considered approved unless the
18 Legislative Budget Board issues a written disapproval not later
19 than the 10th business day after the date on which the staff of the
20 Legislative Budget Board concludes its review of the request and
21 forwards its review to the chair of the House Appropriations
22 Committee, the chair of the Senate Finance Committee, the speaker
23 of the house of representatives, and the lieutenant governor.

24 SECTION 8. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:
25 ADDITIONAL APPROPRIATIONS. In addition to amounts previously
26 appropriated for the state fiscal biennium ending August 31, 2017,
27 the following amounts are appropriated from the general revenue

1 fund to the Department of Family and Protective Services for the
2 state fiscal year ending August 31, 2017, for the following
3 purposes as listed in Chapter 1281 (H.B. 1), Acts of the 84th
4 Legislature, Regular Session, 2015 (the General Appropriations
5 Act):

6 (1) \$16,279,099 for Strategy B.1.3., TWC Contracted
7 Day Care;

8 (2) \$39,665,526 for Strategy B.1.9., Foster Care
9 Payments; and

10 (3) \$694,681 for Strategy B.1.10., Adoption/PCA
11 Payments.

12 SECTION 9. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:
13 CERTAIN TRANSFERS. The Department of Family and Protective
14 Services shall transfer \$4,355,118 from Strategy G.1.1.,
15 Agency-Wide Automated Systems, to Strategy B.1.9., Foster Care
16 Payments, as listed in Chapter 1281 (H.B. 1), Acts of the 84th
17 Legislature, Regular Session, 2015 (the General Appropriations
18 Act).

19 SECTION 10. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:
20 ADDITIONAL APPROPRIATIONS FOR AGENCY CRITICAL NEEDS. In addition
21 to amounts previously appropriated for the state fiscal biennium
22 ending August 31, 2017, the Department of Family and Protective
23 Services is appropriated for the state fiscal year ending August
24 31, 2017, the following amounts from the general revenue fund for
25 the following strategies as listed in Chapter 1281 (H.B. 1), Acts of
26 the 84th Legislature, Regular Session, 2015 (the General
27 Appropriations Act), to address critical needs of the agency with

1 respect to those strategies:

2 (1) \$75,521,204 for Strategy B.1.1., CPS Direct
3 Delivery Staff;

4 (2) \$613,174 for Strategy B.1.2., CPS Program Support;

5 (3) \$21,000,000 for Strategy B.1.9., Foster Care
6 Payments;

7 (4) \$138,854 for Strategy D.1.1., APS Direct Delivery
8 Staff;

9 (5) \$6,703 for Strategy D.1.2., APS Program Support;

10 (6) \$376,259 for Strategy F.1.1., Central
11 Administration;

12 (7) \$33,546 for Strategy F.1.2., Other Support
13 Services;

14 (8) \$3,067,626 for Strategy F.1.4., IT Program
15 Support; and

16 (9) \$940,108 for Strategy G.1.1., Agency-Wide
17 Automated Systems.

18 SECTION 11. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:
19 CERTAIN TRANSFERS. (a) Notwithstanding any transfer limitation
20 specified in Chapter 1281 (H.B. 1), Acts of the 84th Legislature,
21 Regular Session, 2015 (the General Appropriations Act), the
22 Department of Family and Protective Services shall transfer to the
23 Health and Human Services Commission the following amounts:

24 (1) \$29,247,213 of general revenue funds; and

25 (2) \$72,450,261 of Temporary Assistance for Needy
26 Families (TANF) program federal funds.

27 (b) The Health and Human Services Commission may spend

1 Temporary Assistance for Needy Families (TANF) program federal
2 funds transferred under Subsection (a)(2) of this section during
3 the state fiscal year ending August 31, 2017, only with the prior
4 written approval of the Legislative Budget Board in accordance with
5 Section 69, Article XVI, Texas Constitution.

6 SECTION 12. TEXAS A&M FOREST SERVICE: APPROPRIATION FOR
7 GENERAL COSTS CAUSED BY VARIOUS EMERGENCY WEATHER-RELATED
8 RESPONSES. In addition to amounts previously appropriated for the
9 state fiscal biennium ending August 31, 2017, \$7,450,427 is
10 appropriated from the general revenue fund to the Texas A&M Forest
11 Service for the state fiscal year ending August 31, 2017, for the
12 purpose of paying for, or reimbursing payments made for, costs
13 incurred by the forest service associated with responding to
14 various weather-related emergencies.

15 SECTION 13. DEPARTMENT OF CRIMINAL JUSTICE: CORRECTIONAL
16 MANAGED HEALTH CARE SHORTFALL. In addition to amounts previously
17 appropriated for the state fiscal biennium ending August 31, 2017,
18 \$80,000,000 is appropriated from the general revenue fund to the
19 Department of Criminal Justice for the state fiscal year ending
20 August 31, 2017, for correctional managed health care under
21 Strategy C.1.9., Hospital and Clinical Care, as listed in Chapter
22 1281 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015
23 (the General Appropriations Act).

24 SECTION 14. JUVENILE JUSTICE DEPARTMENT: OPERATIONAL
25 SHORTFALL. In addition to amounts previously appropriated for the
26 state fiscal biennium ending August 31, 2017, \$4,469,257 is
27 appropriated from the general revenue fund to the Juvenile Justice

1 Department for the state fiscal year ending August 31, 2017, for an
2 operational shortfall.

3 SECTION 15. ANIMAL HEALTH COMMISSION: CATTLE FEVER TICKS.

4 In addition to amounts previously appropriated for the state fiscal
5 biennium ending August 31, 2017, \$649,987 is appropriated from the
6 general revenue fund to the Animal Health Commission for the state
7 fiscal year ending August 31, 2017, for preparedness for, response
8 to, and mitigation of cattle fever ticks under Strategy A.1.1.,
9 Field Operations, as listed in Chapter 1281 (H.B. 1), Acts of the
10 84th Legislature, Regular Session, 2015 (the General
11 Appropriations Act).

12 SECTION 16. TEXAS ALCOHOLIC BEVERAGE COMMISSION. (a) The
13 Texas Alcoholic Beverage Commission may not spend money
14 appropriated to the agency by Chapter 1281 (H.B. 1), Acts of the
15 84th Legislature, Regular Session, 2015 (the General
16 Appropriations Act), for use during the state fiscal biennium
17 ending August 31, 2017:

18 (1) for travel outside the state, other than for bona
19 fide and documented law enforcement or investigative activities; or

20 (2) to attend or participate in an event, training,
21 conference, class, or similar activity outside the state.

22 (b) The Texas Alcoholic Beverage Commission and employees
23 of the commission may not accept payments from or spending
24 authority on behalf of any trade, professional, or industry
25 organization for any purpose or in any form, including a travel
26 subsidy, payment of travel or other expenses for conference
27 presenters, prepaid meals, or lodging.

1 SECTION 17. DEPARTMENT OF STATE HEALTH SERVICES: STATE
2 HOSPITALS. In addition to amounts previously appropriated for the
3 state fiscal biennium ending August 31, 2017, \$15,100,000 is
4 appropriated from the general revenue fund to the Department of
5 State Health Services for the state fiscal year ending August 31,
6 2017, for staffing costs, maintenance, and repair at state
7 hospitals.

8 SECTION 18. HEALTH AND HUMAN SERVICES COMMISSION: EARLY
9 CHILDHOOD INTERVENTION PROGRAM. In addition to amounts previously
10 appropriated for the state fiscal biennium ending August 31, 2017,
11 \$4,500,000 is appropriated from the general revenue fund to the
12 Health and Human Services Commission for the state fiscal year
13 ending August 31, 2017, to provide funding for early childhood
14 intervention program providers.

15 SECTION 19. HEALTH AND HUMAN SERVICES COMMISSION:
16 COMPREHENSIVE REHABILITATION SERVICES. In addition to amounts
17 previously appropriated for the state fiscal biennium ending August
18 31, 2017, \$2,400,000 is appropriated from the general revenue fund
19 to the Health and Human Services Commission for the state fiscal
20 year ending August 31, 2017, to provide comprehensive
21 rehabilitation services.

22 SECTION 20. DEPARTMENT OF AGING AND DISABILITY SERVICES:
23 STATE SUPPORTED LIVING CENTERS. In addition to amounts previously
24 appropriated for the state fiscal biennium ending August 31, 2017,
25 \$11,300,000 is appropriated from the general revenue fund to the
26 Department of Aging and Disability Services for the state fiscal
27 year ending August 31, 2017, to provide additional funding for

1 state supported living centers.

2 SECTION 21. DEPARTMENT OF AGING AND DISABILITY SERVICES:
3 MEXIA STATE SUPPORTED LIVING CENTER TORNADO REPAIR. In addition to
4 amounts previously appropriated for the state fiscal biennium
5 ending August 31, 2017, \$2,400,000 is appropriated from the general
6 revenue fund to the Department of Aging and Disability Services for
7 the state fiscal year ending August 31, 2017, to repair tornado
8 damage at the Mexia State Supported Living Center.

9 SECTION 22. KILGORE COLLEGE: HIGHER EDUCATION GROUP
10 INSURANCE CONTRIBUTIONS. In addition to amounts previously
11 appropriated for the state fiscal biennium ending August 31, 2017,
12 \$1,073,998 is appropriated from the general revenue fund to Kilgore
13 College for the state fiscal year ending August 31, 2017, to provide
14 for state contributions for health benefits.

15 SECTION 23. DEPARTMENT OF TRANSPORTATION: ADJUSTMENT TO
16 CAPITAL BUDGET ITEM EXPENDITURES. Notwithstanding Item d, Rider 2,
17 page VII-19, Chapter 1281 (H.B. 1), Acts of the 84th Legislature,
18 Regular Session, 2015 (the General Appropriations Act), to the bill
19 pattern appropriations to the Department of Transportation, the
20 department's maximum capital expenditure for fiscal year 2017 for
21 transportation items is increased by \$3,500,000, for a total amount
22 of \$8,500,000 for that fiscal year. Notwithstanding Item e of that
23 rider, the department's maximum capital expenditure for fiscal year
24 2017 for acquisition of capital equipment and items is
25 correspondingly decreased by \$3,500,000, for a total amount of
26 \$44,400,000 for that fiscal year.

27 SECTION 24. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:

1 IMPACT PROJECT. Chapter 1281 (H.B. 1), Acts of the 84th
2 Legislature, Regular Session, 2015 (the General Appropriations
3 Act), is amended by adding the following rider at the end of the
4 riders to the appropriations made to the Department of Family and
5 Protective Services in that Act (page II-46):

6 43. IMPACT Project. (a) The Department of Family and
7 Protective Services shall report to the Legislative Budget Board
8 any anticipated cost overruns and project delays for the IMPACT
9 project that, before June 1, 2017, have not been identified and
10 reported.

11 (b) Notwithstanding any other provision of this Act, all
12 cost overruns must be paid from amounts appropriated above out of
13 Appropriated Receipts. The Department of Family and Protective
14 Services may not expend on IMPACT project cost overruns any other
15 appropriations made from another method of financing without prior
16 written approval from the Legislative Budget Board. The department
17 shall request the approval and shall provide any additional
18 information the Legislative Budget Board requests related to the
19 request for approval in a timely manner and in a format specified by
20 the Legislative Budget Board. The request for approval is
21 considered approved unless the Legislative Budget Board issues a
22 written disapproval not later than the 30th business day after the
23 date on which the staff of the Legislative Budget Board concludes
24 its review of the request and forwards its review to the chair of
25 the House Appropriations Committee, the chair of the Senate Finance
26 Committee, the speaker of the house of representatives, and the
27 lieutenant governor.

1 SECTION 25. DEPARTMENT OF PUBLIC SAFETY: DRIVER LICENSE
2 IMPROVEMENT PLAN. In making expenditures of amounts appropriated to
3 the Department of Public Safety for Strategy E.2.1., Driver License
4 Services, and for Strategy E.2.2., Driving and Motor Vehicle
5 Safety, as listed in Chapter 1281 (H.B. 1), Acts of the 84th
6 Legislature, Regular Session, 2015 (the General Appropriations
7 Act), for use during the state fiscal biennium ending August 31,
8 2017, the department shall endeavor to use those amounts in a manner
9 that ensures completion of all outstanding driver license
10 improvement plan projects, including the installation of driver
11 license kiosks, not later than August 31, 2017.

12 SECTION 26. GOVERNOR'S HIRING FREEZE. (a) This section
13 applies only to a state agency, institution of higher education, or
14 other state entity in the executive branch of state government that
15 is under the direction of the governor. This section does not apply
16 to an agency that is under the direction of a statewide elected
17 official other than the governor.

18 (b) Notwithstanding the appropriations made by Chapter 1281
19 (H.B. 1), Acts of the 84th Legislature, Regular Session, 2015 (the
20 General Appropriations Act), for use during the state fiscal
21 biennium ending August 31, 2017, each agency, institution, or other
22 entity to which this section applies is directed to adhere to the
23 memorandum issued to heads of state agencies by Steven Albright,
24 Budget Director for Governor Greg Abbott, on January 31, 2017,
25 regarding the governor's directive that the agencies,
26 institutions, and entities impose an immediate hiring freeze and
27 maintain that hiring freeze through the end of the state fiscal year

1 ending August 31, 2017. At the end of the state fiscal biennium
2 ending on that date, all amounts appropriated to those agencies,
3 institutions, and entities that are unexpended, because of the
4 hiring freeze, lapse, and the comptroller of public accounts shall
5 credit those amounts to the funds and accounts from which the
6 appropriations were made.

7 SECTION 27. EFFECTIVE DATE. This Act takes effect
8 immediately.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 23, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2 by Zerwas (Relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, As Passed 2nd House: a negative impact of (\$1,000,799,175) through the biennium ending August 31, 2019.

Appropriations:

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> 1	Appropriation out of <i>Federal Funds</i> 555	Appropriation out of <i>Texas Emissions Reduction Plan</i> 5071	Appropriation out of <i>System Benefit Account</i> 5100
2017	\$1,000,799,175	\$1,599,849,506	(\$31,000,000)	(\$1,209,355)
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2017	(\$1,000,799,175)
2018	\$0
2019	\$0
2020	\$0
2021	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from Texas Emissions Reduction Plan 5071	Probable Savings/(Cost) from System Benefit Account 5100
2017	(\$1,000,799,175)	(\$1,599,849,506)	\$31,000,000	\$1,209,355
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0

Fiscal Analysis

The Senate Committee Substitute for House Bill 2 provides for the following appropriations-related provisions:

General Revenue-related appropriations decreases of (\$80,467,671) in fiscal year 2017 as follows:

- Texas Public Finance Authority - Bond Debt Service Payments (\$51,566,581)
- Texas Department of Transportation - Bond Debt Service Payments (\$14,191,000)
- Texas Facilities Commission - Lease Payments (\$13,780,014)
- Texas Facilities Commission - Programs and Operations (\$220,000)
- Texas Public Finance Authority - Programs and Operations (\$217,487)
- Texas Education Agency - Programs and Operations (\$492,589)

General Revenue-related appropriations increases of \$1,081,266,846 in fiscal year 2017 as follows:

- Department of Family and Protective Services - Entitlement Programs and Day Care \$56,639,306
- Department of Family and Protective Services - Critical Needs \$101,697,474
- Health and Human Services Commission - Medicaid Shortfall \$793,586,397
- Health and Human Services Commission - Early Childhood Intervention \$4,500,000
- Health and Human Services Commission - Comprehensive Rehabilitation Services \$2,400,000
- Department of Aging and Disability Services - State Supported Living Centers \$11,300,000
- Department of Aging and Disability Services - Mexia State Supported Living Center \$2,400,000
- Department of State Health Services - State Hospitals \$15,100,000
- Texas A&M Forest Service - Emergency Responses Reimbursement \$7,450,427
- Department of Criminal Justice - Correctional Managed Health Care \$80,000,000
- Juvenile Justice Department - Operational Shortfall \$4,469,257
- Animal Health Commission - Cattle Tick Fever Mitigation \$649,987
- Kilgore College - Group Insurance \$1,073,998

General Revenue-dedicated appropriations decreases of (\$32,209,355) in fiscal year 2017 as follows:

- Texas Commission on Environment Quality - Texas Emissions Reduction Plan (\$31,000,000)
- Public Utility Commission - System Benefit Fund (\$1,209,355)

Federal Funds appropriations increases of \$1,599,849,506 in fiscal year 2017 as follows:

Health and Human Services Commission - Medicaid Shortfall \$1,599,849,506

The bill includes adjustments to appropriations authority, including:

Transfer of \$29,247,213 in General Revenue and \$72,450,261 in Temporary Assistance for Needy Families (TANF) from the Department of Family and Protective Services (DFPS) to the Health and Human Services Commission (HHSC). These funds are replaced by the critical needs appropriation to DFPS.

Transfer of \$4,355,118 within DFPS to reduce a foster care payment shortfall.

Transfer of \$3,500,000 in capital budget authority within the Texas Department of Transportation (TxDOT) from Acquisition of Capital Equipment and Items to Transportation Items.

The bill requires HHSC to receive written approval from the Legislative Budget Board (LBB) prior to expending any amount appropriated for Medicaid services in the bill.

The bill requires IMPACT project cost overruns at DFPS to be paid from appropriated receipts, or another method of finance with LBB approval.

The bill prohibits appropriation authority to the Texas Alcoholic Beverage Commission (TABC) for out-of state travel or event attendance or participation, except for documented law enforcement or investigative activities. The bill also prohibits receipt by or spending authority to TABC of payments made to it by trade, professional or industry organizations.

The bill directs the Department of Public Safety (DPS), out of appropriated funds, to complete all Driver's License Improvement Plan (DLIP) projects by August 31, 2017.

The bill requires those executive branch state agencies and institutions of higher education subject to the governor's hiring freeze directive issued January 31, 2017 to adhere to and lapse all savings derived from the directive.

Methodology

The amounts identified above represent changes to previously authorized amounts and purposes for the state fiscal year ending August 31, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, KK, SD, WP

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 18, 2017

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2 by Zerwas (Relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, Committee Report 2nd House, Substituted: a negative impact of (\$1,000,799,175) through the biennium ending August 31, 2019.

Appropriations:

Fiscal Year	Appropriation out of General Revenue Fund 1	Appropriation out of Federal Funds 555	Appropriation out of Texas Emissions Reduction Plan 5071	Appropriation out of System Benefit Account 5100
2017	\$1,000,799,175	\$1,599,849,506	(\$31,000,000)	(\$1,209,355)
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2017	(\$1,000,799,175)
2018	\$0
2019	\$0
2020	\$0
2021	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from Texas Emissions Reduction Plan 5071	Probable Savings/(Cost) from System Benefit Account 5100
2017	(\$1,000,799,175)	(\$1,599,849,506)	\$31,000,000	\$1,209,355
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0

Fiscal Analysis

The Senate Committee Substitute for House Bill 2 provides for the following appropriations-related provisions:

General Revenue-related appropriations decreases of (\$80,467,671) in fiscal year 2017 as follows:

- Texas Public Finance Authority - Bond Debt Service Payments (\$51,566,581)
- Texas Department of Transportation - Bond Debt Service Payments (\$14,191,000)
- Texas Facilities Commission - Lease Payments (\$13,780,014)
- Texas Facilities Commission - Programs and Operations (\$220,000)
- Texas Public Finance Authority - Programs and Operations (\$217,487)
- Texas Education Agency - Programs and Operations (\$492,589)

General Revenue-related appropriations increases of \$1,081,266,846 in fiscal year 2017 as follows:

- Department of Family and Protective Services - Entitlement Programs and Day Care \$56,639,306
- Department of Family and Protective Services - Critical Needs \$101,697,474
- Health and Human Services Commission - Medicaid Shortfall \$793,586,397
- Health and Human Services Commission - Early Childhood Intervention \$4,500,000
- Health and Human Services Commission - Comprehensive Rehabilitation Services \$2,400,000
- Department of Aging and Disability Services - State Supported Living Centers \$11,300,000
- Department of Aging and Disability Services - Mexia State Supported Living Center \$2,400,000
- Department of State Health Services - State Hospitals \$15,100,000
- Texas A&M Forest Service - Emergency Responses Reimbursement \$7,450,427
- Department of Criminal Justice - Correctional Managed Health Care \$80,000,000
- Juvenile Justice Department - Operational Shortfall \$4,469,257
- Animal Health Commission - Cattle Tick Fever Mitigation \$649,987
- Kilgore College - Group Insurance \$1,073,998

General Revenue-dedicated appropriations decreases of (\$32,209,355) in fiscal year 2017 as follows:

- Texas Commission on Environment Quality - Texas Emissions Reduction Plan (\$31,000,000)
- Public Utility Commission - System Benefit Fund (\$1,209,355)

Federal Funds appropriations increases of \$1,599,849,506 in fiscal year 2017 as follows:

Health and Human Services Commission - Medicaid Shortfall \$1,599,849,506

The bill includes adjustments to appropriations authority, including:

Transfer of \$29,247,213 in General Revenue and \$72,450,261 in Temporary Assistance for Needy Families (TANF) from the Department of Family and Protective Services (DFPS) to the Health and Human Services Commission (HHSC). These funds are replaced by the critical needs appropriation to DFPS.

Transfer of \$4,355,118 within DFPS to reduce a foster care payment shortfall.

Transfer of \$3,500,000 in capital budget authority within the Texas Department of Transportation (TxDOT) from Acquisition of Capital Equipment and Items to Transportation Items.

The bill requires HHSC to receive written approval from the Legislative Budget Board (LBB) prior to expending any amount appropriated for Medicaid services in the bill.

The bill requires IMPACT project cost overruns at DFPS to be paid from appropriated receipts, or another method of finance with LBB approval.

The bill prohibits appropriation authority to the Texas Alcoholic Beverage Commission (TABC) for out-of state travel or event attendance or participation, except for documented law enforcement or investigative activities. The bill also prohibits receipt by or spending authority to TABC of payments made to it by trade, professional or industry organizations.

The bill directs the Department of Public Safety (DPS), out of appropriated funds, to complete all Driver's License Improvement Plan (DLIP) projects by August 31, 2017.

The bill requires those executive branch state agencies and institutions of higher education subject to the governor's hiring freeze directive issued January 31, 2017 to adhere to and lapse all savings derived from the directive.

Methodology

The amounts identified above represent changes to previously authorized amounts and purposes for the state fiscal year ending August 31, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, KK, SD, WP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 17, 2017

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2 by Zerwas (Relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, As Engrossed: a negative impact of (\$1,136,823,805) through the biennium ending August 31, 2019.

Appropriations:

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> 1	Appropriation out of <i>Federal Funds</i> 555
2017	\$1,136,823,805	\$1,735,043,901
2018	\$0	\$0
2019	\$0	\$0

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2017	(\$1,136,823,805)
2018	\$0
2019	\$0
2020	\$0
2021	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2017	(\$1,136,823,805)	(\$1,735,043,901)
2018	\$0	\$0
2019	\$0	\$0
2020	\$0	\$0
2021	\$0	\$0

Fiscal Analysis

House Bill 2, as Engrossed, provides for the following appropriations-related provisions:

General Revenue-related appropriations decrease of (\$53,636,997) in fiscal year 2017 as follows:

Texas Public Finance Authority - Bond Debt Service Payments (\$53,636,997)

General Revenue-related appropriations increases of \$1,190,460,802 in fiscal year 2017 as follows:

- Family and Protective Services - Entitlement Programs and Day Care \$46,310,266
- Family and Protective Services - Critical Needs \$101,697,474
- Health and Human Services Commission - Acute Care Therapy Services \$21,500,000
- Health and Human Services Commission - Medicaid Shortfall \$930,733,818
- Texas A&M Forest Service - Emergency Responses Reimbursement \$5,100,000
- Department of Criminal Justice - Correctional Managed Health Care \$80,000,000
- Juvenile Justice Department - Operational Shortfall \$4,469,257
- Animal Health Commission - Cattle Tick Fever Mitigation \$649,987

Federal Funds appropriations increases of \$1,735,043,901 in fiscal year 2017 as follows:

- Health and Human Services Commission - Acute Care Therapy Services \$29,800,000
- Health and Human Services Commission - Medicaid Shortfall \$1,705,243,901

The bill also includes adjustments to appropriations authority, including most significantly the transfer of \$29,247,213 in General Revenue and \$72,450,261 in Temporary Assistance for Needy Families (TANF) from DFPS to the Health and Human Services Commission (HHSC). These funds are replaced by the critical needs appropriation to DFPS.

The bill also amends HHSC Rider 50, subsection (c) to realign the General Revenue savings target from therapy rate reductions for fiscal year 2017 from \$50,000,000 to \$28,500,000 and deletes the requirement that fiscal year 2017 therapy rates shall be reduced further if the policy initiatives in the rider are not achieved.

The bill requires HHSC to receive written approval from the LBB prior to expending any amount appropriated for Medicaid Services in the bill.

The bill prohibits appropriation authority to the Texas Alcoholic Beverage Commission (TABC) for out-of state travel or event attendance or participation, except for documented law enforcement or investigative activities. The bill also prohibits receipt by or spending authority to TABC of payments made to it by trade, professional or industry organizations.

Methodology

The amounts identified above represent changes to previously authorized amounts and purposes for the state fiscal year ending August 31, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, KK, SD, WP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 29, 2017

TO: Honorable John Zerwas, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2 by Zerwas (relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, Committee Report 1st House, Substituted: a negative impact of (\$1,136,823,805) through the biennium ending August 31, 2019.

Appropriations:

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> 1	Appropriation out of <i>Federal Funds</i> 555
2017	\$1,136,823,805	\$1,735,043,901
2018	\$0	\$0
2019	\$0	\$0

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2017	(\$1,136,823,805)
2018	\$0
2019	\$0
2020	\$0
2021	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2017	(\$1,136,823,805)	(\$1,735,043,901)
2018	\$0	\$0
2019	\$0	\$0
2020	\$0	\$0
2021	\$0	\$0

Fiscal Analysis

CSHB 2 provides for the following appropriations-related provisions:

General Revenue-related appropriations decrease of (\$53,636,997) in fiscal year 2017 as follows:

Texas Public Finance Authority - Bond Debt Service Payments (\$53,636,997)

General Revenue-related appropriations increases of \$1,190,460,802 in fiscal year 2017 as follows:

- Family and Protective Services - Entitlement Programs and Day Care \$46,310,266
- Family and Protective Services - Critical Needs \$101,697,474
- Health and Human Services Commission - Acute Care Therapy Services \$21,500,000
- Health and Human Services Commission - Medicaid Shortfall \$930,733,818
- Texas A&M Forest Service - Emergency Responses Reimbursement \$5,100,000
- Department of Criminal Justice - Correctional Managed Health Care \$80,000,000
- Juvenile Justice Department - Operational Shortfall \$4,469,257
- Animal Health Commission - Cattle Tick Fever Mitigation \$649,987

Federal Funds appropriations increases of \$1,735,043,901 in fiscal year 2017 as follows:

- Health and Human Services Commission - Acute Care Therapy Services \$29,800,000
- Health and Human Services Commission - Medicaid Shortfall \$1,705,243,901

The bill also includes adjustments to appropriations authority, including most significantly the transfer of \$29,247,213 in General Revenue and \$72,450,261 in Temporary Assistance for Needy Families (TANF) from DFPS to the Health and Human Services Commission (HHSC). These funds are replaced by the critical needs appropriation to DFPS.

The bill also amends HHSC Rider 50, subsection (c) to realign the General Revenue savings target from therapy rate reductions for fiscal year 2017 from \$50,000,000 to \$28,500,000 and deletes the requirement that fiscal year 2017 therapy rates shall be reduced further if the policy initiatives in the rider are not achieved.

The bill requires HHSC to receive written approval from the LBB prior to expending any amount appropriated for Medicaid Services in the bill.

Methodology

The amounts identified above represent changes to previously authorized amounts and purposes for the state fiscal year ending August 31, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, KK, SD, WP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 16, 2017

TO: Honorable John Zerwas, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2 by Zerwas (Relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, As Introduced: a positive impact of \$39,856,983 through the biennium ending August 31, 2019.

Appropriations:

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> 1	Appropriation out of <i>Federal Funds</i> 555	Appropriation out of <i>Economic Stabilization Fund</i> 599
2017	(\$39,856,983)	\$1,735,043,901	\$1,424,600,808
2018	\$0	\$0	\$7,169,791
2019	\$0	\$0	\$0

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2017	\$39,856,983
2018	\$0
2019	\$0
2020	\$0
2021	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Probable Savings/(Cost) from <i>Economic Stabilization Fund</i> 599
2017	\$39,856,983	(\$1,735,043,901)	(\$1,424,600,808)
2018	\$0	\$0	(\$7,169,791)
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0

Fiscal Analysis

HB 2 provides for the following appropriations-related provisions:

Net General Revenue-related appropriations total a decrease of (\$39,856,983) in fiscal year 2017 as follows:

Texas Public Finance Authority - Bond Debt Service Payments (\$39,856,983)

Net Federal Funds appropriations total an increase of \$1,735,043,901 in fiscal year 2017 as follows:

Health and Human Services Commission - Acute Care Therapy Services \$29,800,000

Health and Human Services Commission - Medicaid Shortfall \$1,705,243,901

Net Economic Stabilization Fund appropriations total an increase of \$1,424,600,808 in fiscal year 2017 as follows:

Family and Protective Services - Entitlement Programs and Day Care \$46,310,266

Family and Protective Services - Critical Needs \$101,697,474

Health and Human Services Commission - Acute Care Therapy Services \$21,500,000

Health and Human Services Commission - Medicaid Shortfall \$930,733,818

Health and Human Services Commission - Critical Life and Safety Needs \$188,609,263

Health and Human Services Commission - Forensic Bed Capacity \$50,000,000

Texas A&M Forest Service - Emergency Responses Reimbursement \$5,100,000

Department of Criminal Justice - Correctional Managed Health Care \$80,000,000

Animal Health Commission - Cattle Tick Fever Mitigation \$649,987

Net Economic Stabilization Fund appropriations total an increase of \$7,169,791 in fiscal year 2018 as follows:

Animal Health Commission - Cattle Tick Fever Mitigation \$7,169,791

The bill also includes adjustments to appropriations authority, including most significantly the transfer of \$29,247,213 in General Revenue and \$72,450,261 in Temporary Assistance for Needy Families (TANF) from DFPS to the Health and Human Services Commission (HHSC). These funds are replaced by the appropriation made in Section 9.

The bill also amends HHSC Rider 50, subsection (c) to realign the General Revenue savings target from therapy rate reductions for fiscal year 2017 from \$50,000,000 to \$28,000,000 and deletes the requirement that fiscal year 2017 therapy rates shall be reduced further if the policy initiatives in the rider are not achieved.

The bill requires HHSC to receive written approval from the LBB prior to expending any amount appropriated for Medicaid Services in the bill.

Methodology

The amounts identified above represent changes to previously authorized amounts and purposes for the state fiscal year ending August 31, 2017, with the exception of the authorization of \$7,169,791 for the Animal Health Commission; that authorization is for the state biennium ending

August 31, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, KK, SD, WP

LEGISLATIVE BUDGET BOARD
Austin, Texas

DYNAMIC ECONOMIC IMPACT STATEMENT

85TH LEGISLATIVE REGULAR SESSION

March 29, 2017

TO: Honorable John Zerwas, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2 by Zerwas (relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **Committee Report 1st House, Substituted**

HB 2, Committee Report 1st House, Substituted (CSHB 2) would make a net change in appropriations of \$2.9 billion from All Funds sources during the 2016-17 biennium.

As required under House Rule 4, Section 34 (a-1), the Legislative Budget Board has analyzed the dynamic economic impact of the bill. The effects on employment, personal income, GSP, and other economic variables, assuming appropriation changes under CSHB 2 were analyzed using the REMI Tax-PI model, a dynamic forecasting and policy analysis tool that applies a combination of econometric, input-output, and computable general equilibrium methodologies.

The analysis estimated the predicted impact on the number of state employees and the impact on employment by the private sector and local governments in Texas as a result of the changes in state expenditures resulting from the appropriation adjustments in CSHB 2 relative to a baseline scenario where 2016-17 state expenditures were held constant at previously adopted 2016-17 levels. Several adjustments were made to the All Funds appropriations entered into the model to account for the fact that a change in appropriations is not necessarily an equal change in state spending. For instance, approximately \$2.6 billion in CSHB 2 appropriation increases are to cover the Medicaid shortfall at HHSC, which are already built into the baseline spending levels in the model and thus, would have no effect on overall state spending. After other similar adjustments, the net increase in state spending from CSHB 2, As Introduced, analyzed in the model was \$208.7 million.

It is important to note that the numbers are not all new jobs; rather they are changes in employment levels relative to a scenario where government spending remained constant at previously adopted 2016-17 levels. Further, note that the employment concept used in the analysis is non-farm payroll employment calculated using source data from the U.S. Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics (BLS), and differs from state FTE levels used in the General Appropriations Act. For instance, two halftime workers would be counted as 1 FTE in the GAA, but two jobs in the REMI employment data. The increased state expenditures in the 2016-17 biennium are expected to increase private sector employment levels by 4,651 in 2017 over the constant spending growth scenario, while simultaneously increasing local government employment by 172 and state government employment by 47 in 2017 over the constant spending growth scenario.

Source Agencies:

LBB Staff: UP, KK, SD

LEGISLATIVE BUDGET BOARD
Austin, Texas

DYNAMIC ECONOMIC IMPACT STATEMENT

85TH LEGISLATIVE REGULAR SESSION

March 29, 2017

TO: Honorable John Zerwas, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2 by Zerwas (Relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **As Introduced**

HB 2, As Introduced, (HB 2) would make a net change in appropriations of \$3.1 billion from All Funds sources during the 2016-17 biennium. The bill would appropriate \$7.2 million from All Funds sources during the 2018-19 biennium.

As required under House Rule 4, Section 34 (a-1), the Legislative Budget Board has analyzed the dynamic economic impact of the bill. The effects on employment, personal income, GSP, and other economic variables, assuming appropriation changes under HB 2 were analyzed using the REMI Tax-PI model, a dynamic forecasting and policy analysis tool that applies a combination of econometric, input-output, and computable general equilibrium methodologies.

The analysis estimated the predicted impact on the number of state employees and the impact on employment by the private sector and local governments in Texas as a result of the changes in state expenditures resulting from the appropriation adjustments in HB 2 relative to a baseline scenario where 2016-17 state expenditures were held constant at previously adopted 2016-17 levels. Several adjustments were made to the All Funds appropriations entered into the model to account for the fact that a change in appropriations is not necessarily an equal change in state spending. For instance, approximately \$2.6 billion in HB 2 appropriation increases are to cover the Medicaid shortfall at HHSC, which are already built into the baseline spending levels in the model and thus, would have no effect on overall state spending. After other similar adjustments, the net increase in state spending from HB 2, As Introduced, analyzed in the model was \$442.9 million.

It is important to note that the numbers are not all new jobs; rather they are changes in employment levels relative to a scenario where government spending remained constant at previously adopted 2016-17 levels. Further, note that the employment concept used in the analysis is non-farm payroll employment calculated using source data from the U.S. Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics (BLS), and differs from state FTE levels used in the General Appropriations Act. For instance, two halftime workers would be counted as 1 FTE in the GAA, but two jobs in the REMI employment data. The increased state expenditures in the 2016-17 biennium are expected to increase private sector employment levels by 7,620 in 2017 over the constant spending growth scenario, while simultaneously increasing local government employment by 217 and state government employment by 56 in 2017 over the constant spending growth scenario.

No significant impact on state employees or private sector and local government employment levels resulting from changes in state expenditures in the state of Texas during the 2018-19 biennium are expected from the appropriations made in HB 2 for the 2018-19 biennium.

Source Agencies:

LBB Staff: UP, KK, SD